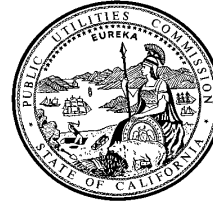




**Pacific Gas and
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**HISTORIC LAND CONSERVATION EFFORT BEGINS WITH PERMANENT
PROTECTION OF 140,000 ACRES OF VALUABLE WATERSHED LANDS**

\$100 million Effort to Protect and Preserve Beneficial Public Values of Watershed Lands

SAN FRANCISCO – The California Public Utilities Commission and Pacific Gas and Electric Company today sponsored the inaugural meeting of the Pacific Forest and Watershed Lands Stewardship Council (Stewardship Council).

The Stewardship Council was established to develop and implement a plan for the protection of 140,000 acres of PG&E's Sierra Nevada and Cascade mountain watershed lands and Carizzo Plains for the benefit of current and future generations of Californians. The effort also includes a \$70 million fund to support environmental enhancements that may be proposed for the lands.

“This is an exciting and momentous day in which all of us who treasure California's unique environment can take pride. These 140,000 priceless acres in the Sierra Nevada Mountains and on the Carizzo Plains are protected in perpetuity for public use and the lands can serve as the nucleus of the Governor's proposed Sierra Nevada Mountains Conservancy,” said Michael R. Peevey, President of the PUC. “In addition to ensuring the lands are conserved for a broad range of public benefits, the Stewardship Council will administer a program to help disadvantaged urban youths experience the wonders of nature first-hand. The Council will also provide \$20 million to improve parks, playgrounds, and other facilities in urban areas as part of \$100 million the Council will expend over the next ten years to achieve its multiple goals.”

The Stewardship Council will administer a \$30 million program to benefit disadvantaged urban youth, of which \$20 million, mentioned above, will be used to acquire and maintain urban parks and recreation areas. The remaining \$10 million will be dedicated to

provide disadvantaged urban youth with a wilderness experience. The program will provide the means for selected urban youth to visit the watershed lands to experience living in the outdoors.

“This effort will permanently preserve watershed lands throughout the Sierra Nevada and Cascade mountains that PG&E and its predecessors have protected for a century and a half,” said Robert D. Glynn, Jr., Chairman, CEO and President of PG&E Corporation. “We’re proud that this important legacy is going to continue for future generations of Californians through the work of the council.”

These properties, nearly 1000 parcels in total, will be permanently preserved for the protection of natural habitat of fish, wildlife and plants, the preservation of open space, outdoor recreation by the general public, sustainable forestry, agricultural uses and historic values. The lands, associated with PG&E’s hydroelectric system, stretch from the Hat Creek, Pit and McCloud Rivers in the north to the Kern River in the south.

PG&E will provide the Stewardship Council with an inventory of the natural resources and existing public benefits of each parcel of land. The Stewardship Council will use this information as part of a more extensive analysis, combined with significant public input, to determine the ultimate disposition of the land, whether the parcel should be donated outright or be subject to a conservation easement, or both.

As part of the utility’s agreement with the CPUC, PG&E endorsed a Land Conservation Commitment by which the 140,000 acres of watershed lands and Carizzo Plains the company owns will be permanently preserved for beneficial public uses. The company subsequently entered into a stipulation with more than twenty federal, state and local agencies, environmental organizations and land use policy interest groups, which established mutually agreeable terms for implementation of the Land Conservation Commitment.

The Stewardship Council consists of sixteen members representing a diverse background of land use policy groups. It includes one representative from each: Pacific Gas and Electric Company, the California Public Utilities Commission, the California Department of Fish and Game, the State Water Resources Control Board, the California Farm Bureau Federation, three public members named by the CPUC (Luis Arteaga, Executive Director, Latino Issues Forum Public Policy Institute; The Honorable Hannah-Beth Jackson, Assemblymember, Thirty-fifth District; Chair-Natural Resources Committee; Dr. J. Alfred

Smith, Jr., Senior Pastor, Antioch Baptist Church), California Resources Agency, Central Valley Regional Water Quality Control Board, Association of California Water Agencies, Regional Council of Rural Counties, California Hydropower Reform Coalition, the Trust for Public Land, Office of Ratepayer Advocates, the California Forestry Association, the U.S. Department of Agriculture – Forest Service and the U.S. Department of Interior – Bureau of Land Management.

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NOTE TO EDITORS: Representative photos of PG&E's watershed lands are available in hi-resolution format on PG&E's website at www.pge.com/news/news_images/index.html. Should you have any questions or need assistance, please call (415) 973-5930.

For more information about Pacific Gas and Electric Company, please visit the company's web site at www.pge.com

For more information about the California Public Utilities Commission, please visit www.cpuc.ca.gov